

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CEA-02 CIAE-00 CIEP-02 COME-00

DODE-00 EB-11 FEA-02 FPC-01 H-03 INR-10 INT-08 L-03

NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01 SCI-06

SPC-03 SS-20 STR-08 TRSE-00 EA-11 FRB-02 IO-14 NEA-10

OPIC-12 LAB-06 SIL-01 SWF-02 PA-04 PRS-01 USIA-15

AF-10 DLOS-06 DRC-01 /237 W
----- 059329

R 111601Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8581

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USAEC WASHDC

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STATE ALSO FOR T/IEP

E.O. 11652: N/A

TAGS: ENRG, UK, TECH

SUBJECT: LABOR'S NEW SECRETARY OF STATE FOR ENERGY

ERIC VARLEY

1. BEGIN UNCLASSIFIED. NEW SECRETARY OF STATE FOR
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ENERGY ERIC VARLEY IS FORMER PARLIAMENTARY PRIVATE

SECRETARY TO PRIME MINISTER WILSON (1968-69) AND MINISTER OF STATE FOR TECHNOLOGY (1969-1970) IN LAST LABOUR GOVERNMENT. AS YOUNGEST MEMBER HOF CABINET AT 41, VARLEY HAS BEEN MP REPRESENTING DERBYSHIRE COAL MINING CONSTITUENCY SINCE 1964. A LONGTIME MEMBER AND FORMER BRANCH SECRETARY OF NATIONAL UNION OF MINeworkERS WHICH PURPORTEDLY "SPONSORED" HIS CANDIDACY FOR SECSTATE POSITION, VARLEY BELONGS TO PRIME MINISTER WILSON'S FACTION OF LABOUR PARTY. VARLEY WAS EDUCATED AT A SECONDARY SCHOOL AND TECHNICAL COLLEGE IN CHESTERFIELD, STUDIED AT SHEFFIELD UNIVERSITY AND ATTENDED UNDER UNION AUSPICES A SPECIAL SIX MONTHS PRE-PARLIAMENTARY COURSE AT RUSKIN COLLEGE, OXFORD.

2. VARLEY HAD LITTLE OR NO TRACK RECORD ON INTERNATIONAL ASPECTS OF ENERGY POLICY QUESTIONS. ON DOMESTIC ENERGY POLICY ISSUES HOWEVER, VARLEY HAS CLEARLY DEFINED VIEWS. HE HAS BEEN CONSISTENTLY PREOCCUPIED WITH ROLE OF INDIGENOUS COAL INDUSTRY. HE IS APT TO FAVOR ADOPTION OF 600 MILLION POUND RESEARCH AND INVESTMENT PLAN TO STABILIZE BRITISH COAL OUTPUT AT 135 MILLION TONS ANNUALLY AS RECOMMENDED BY NATIONAL COAL BOARD. IN FACT, VARLEY HAS INDICATED HE FAVORS INCREASING ANNUAL COAL OUTPUT TO 150 MILLION TONS. ON RELATED POWER STATION POLICY, HE BELIEVES CENTRAL ELECTRICITY GENERATING BOARD'S PLANS FOR BUILDING OIL-FIRED PLANTS SHOULD BE RECONSIDERED ON BASIS OF BOTH RELATIVE COSTS OF DIFFERENT FUELS AND ON SECURITY OF SUPPLIES. VARLEY HAS ARGUED THAT A "TEMPORARY INDUSTRIAL DISPUTE IN THE COAL INDUSTRY IS NOT COMPARABLE TO THE CERTAINTY OF A PERMANENT SHORTFALL OF MIDDLE EAST OIL."

3. VARLEY HAS BEEN SKEPTICAL OF CLAIMS BEING MADE FOR NORTH SEA OIL, QUESTIONING WHETHER AMOUNTS REQUIRED WOULD REALLY BE AVAILABLE, EXTENT TO WHICH IT WOULD BE RESERVED FOR UK AND DEGREE TO WHICH OIL WILL BE AN INFLATIONARY FACTOR IN BRITISH ECONOMY. HE HAS STATED NORTH SEA OIL SHOULD NOT BECOME PAWN OF INTERNATIONAL OIL COMPANIES: "PUBLIC OWNERSHIP IS ESSENTIAL TO INSURE LIMITED OFFICIAL USE

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THAT DISPOSAL OF THAT PRECIOUS NATIONAL ASSET IS DECIDED BY THE GOVERNMENT AND NOBODY ELSE AND THAT ITS EXTRACTION AND EXPLOITATION ARE DECIDED ON STRATEGIC REGIONAL EMPLOYMENT AND ECONOMIC GROUNDS, NOT ON

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AF-10 DLOS-06 DRC-01 /237 W
----- 059480

R 111601Z MAR 74

FM AMEMBASSY LONDON

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INFO AMEMBASSY BONN

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COMMERCIAL CRITERIA."

4. ON NUCLEAR POWER, VARLEY ARGUED IN JANUARY 1974 THAT
FORMER SECSTATE FOR ENERGY LORD CARRINGTON SHOULD NOT
ALLOW HIMSELF "TO BE RUSHED INTO AN ILL-CONSIDERED
DECISION ABOUT THE NEW NUCLEAR REACTOR. THE PROPAGANDA
BARRAGE IN FAVOR OF THE US LIGHT WATER REACTORS HAD
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GROWN DEAFENING. THE SECRETARY OF STATE ... SHOULD TAKE INTO ACCOUNT THE TERRIFYING WARNINGS ABOUT HEALTH AND SAFETY HAZARDS. HE SHOULD ALSO GIVE FAIR CONSIDERATION TO THE POTENTIAL OF BRITISH TECHNOLOGY AND MAKE A DECISION WHICH IS BEST FOR BRITAIN AND NOT SIMPLY CONVENIENT FOR THE CENTRAL ELECTRICITY GENERATING BOARD." END UNCLASSIFIED.

5. BEGIN LIMITED OFFICIAL USE: COMMENT: IT REMAINS TO BE SEEN JUST HOW POWERFUL AN INFLUENCE WITHIN HMG WILL BE EXERTED BY VARLEY. HIS NEW MINISTER OF STATE FOR ENERGY LORD BALOGH, A PROMINENT ADVISOR IN PREVIOUS WILSON ADMINISTRATIONS, IS LIKELY TO PLAY AN IMPORTANT AND HIGHLY VISIBLE ROLE PARTICULARLY ON NORTH SEA OIL QUESTIONS. PAYMASTER GENERAL EDMUND DELL, NOW NUMBER TWO AT TREASURY, ALSO IS APT TO TAKE PART IN DRAFTING LEGISLATION DESIGNED TO TIGHTEN UP TAXATION OF NORTH SEA OIL AND SECURE A SUBSTANTIAL GOVERNMENT SHARE OF INDUSTRY PROFITS THROUGH DIRECT PUBLIC OWNERSHIP AND/OR A NATIONAL HYDROCARBON COMPANY. QUEEN'S SPEECH OF MARCH 12 WILL GIVE INITIAL INDICATION OF HOW FAR LABOUR IS PREPARED TO PUSH FOR ITS ANNOUNCED PROGRAM ON NORTH SEA OIL AS MINORITY PARTY GOVERNMENT. END LIMITED OFFICIAL USE.

SOHM

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, ECONOMIC DEVELOPMENT, EMPLOYMENT, NUCLEAR ENERGY, LABOR UNION OFFICIALS, PERSONNEL APPOINTMENTS, NUCLEAR REACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON03052
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740354/aaaabxyu.tel
Line Count: 199
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 28 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 MAR 2002 by collinp0>; APPROVED <04 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LABOR'S NEW SECRETARY OF STATE FOR ENERGY ERIC VARLEY
TAGS: ENRG, TECH, UK, (VARLEY, ERIC)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005